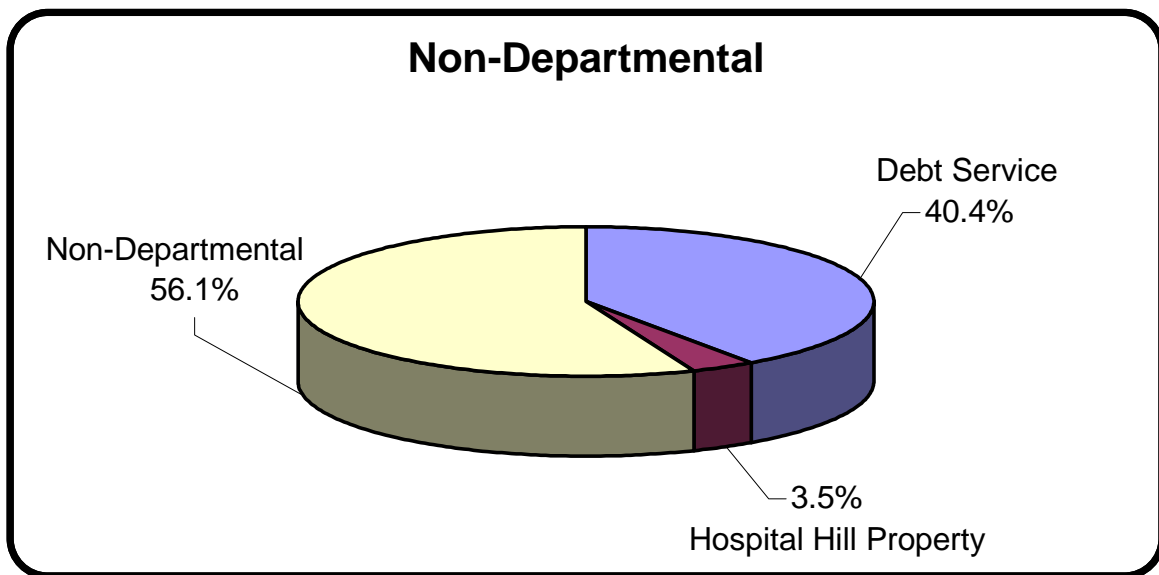
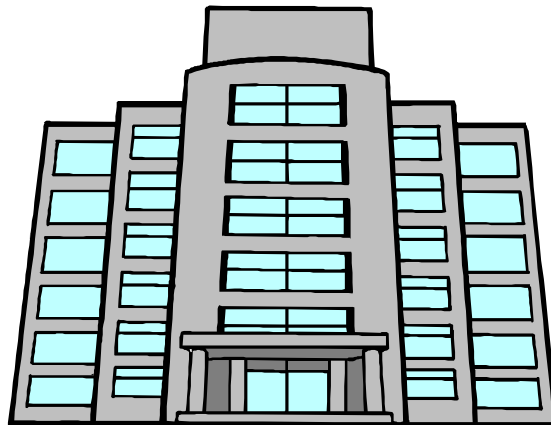
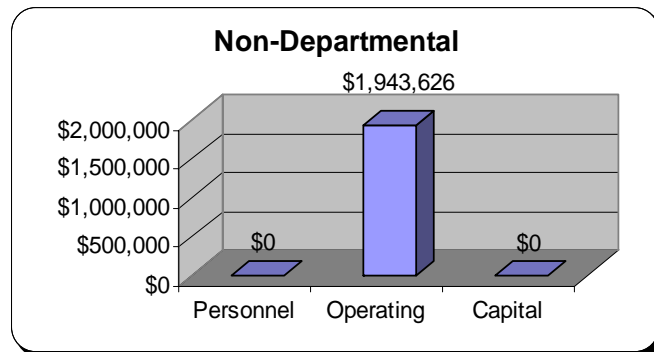
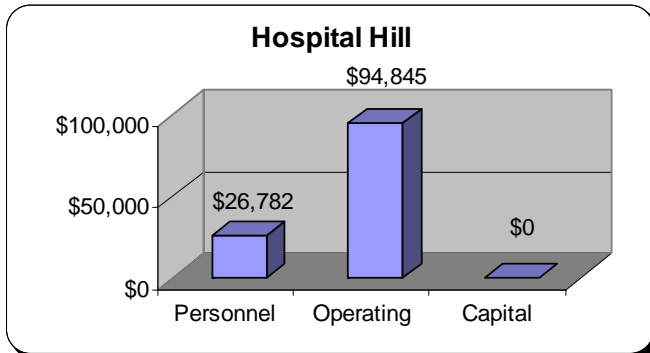


NON-DEPARTMENTAL

Debt Service	\$1,396,432
Hospital Hill Property	\$121,627
Non-Departmental	<u>\$1,943,626</u>
	\$3,461,685



NON-DEPARTMENTAL EXPENDITURES



DEBT SERVICE

Description:

The County has no statutory limit, or “legal debt margin”, on the amount it can issue. The Board of Supervisors has adopted certain financial policies limiting the amount of annual debt service payments to no more than 10% of general County revenues. These policies also serve as a guide for a schedule of debt funded projects in the Capital Improvements Program. For FY 2005 the amount of debt service payments represent 7.4% of the General Fund revenues.

Debt is considered tax supported if general tax revenues are used or if the County has made a pledge of annual appropriation to repay the debt. This debt includes general obligation debt, Virginia Public School Authority Bonds and capital leases.

The County is a highly rated issuer of debt securities. The County’s long-term general obligation bonds carry a rating of “double A2” from Moody’s Investor Service and “single A plus” from Standard and Poor’s Corporation. These ratings reflect the County’s management, low debt ratios and favorable location in Northern Virginia.

Current Debt Service:

Debt Service is the County’s expenditure for principal and interest payments on County debt. The County’s debt consists of two elements, one of which is reflected in the General Fund and one located in the School Division’s Operating Fund. At adoption of the FY 2005 Budget, the debt in the General Fund was the annual capital lease payments for the building located at 320 Hospital Hill Drive referred to as the Hospital Hill building, the Emergency Radio System and Bealeton Branch Library. It should be noted that subsequent to the adoption of the FY 2005 Budget, the Board of Supervisors took action to pay off the Hospital Hill Capital Lease. This initiative saved funding by eliminating the interest payment. The payments schedules were as follows:

GENERAL FUND Hospital Hill Building Capital Lease*

	Principal	Interest	Total
FY 2005	\$ 407,701	\$ 58,644	\$ 466,345

**Paid off subsequent to budget adoption*

Emergency Radio System

	Principal	Interest	Total
FY 2005	\$ 405,000	\$ 298,203	\$ 703,203

Bealeton Library

	Principal	Interest	Total
FY 2005	\$ 151,092	\$ 75,792	\$ 226,884

DEBT SERVICE

SCHOOL OPERATING FUND Virginia Public School Authority Bonds

	Principal	Interest	Total
FY 2005	\$4,300,000	\$2,587,303	\$6,887,303

Trustee Fees and Issuance Costs

FY 2005	<u>\$ 6,350</u>
Total Debt Service Adopted for FY 2005	\$8,290,085

Future Debt Service:

For FY 2005, \$1.6 million in new Capital Improvement Program (CIP) debt funded projects were adopted. This represents the second of two borrowings (total \$3.1 million) for renovation of C.M. Thompson Elementary School. Debt service for this project will begin in FY 2006.

The County Planning Commission considered the following recommendation of the Capital Improvement Program Citizen Committee on major construction projects for FY 2005 - FY 2009. However, action was postponed pending a resubmission of the School Division on its

Fauquier County Capital Improvements Program FY 2005-2009 RECOMMENDED									
Department	Project		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	2/9/04 Total*
CONSTRUCTION - DEBT									
Schools	Warrenton /Taylor MS Expansion			4,300,000	4,227,000				8,527,000
	New Middle School		4,227,000						0
	C. Thompson ES Renovation (NW)		1,572,000	1,572,000					1,572,000
	New Secondary Facility Land Acquisition			1,000,000					1,000,000
	Cedar Lee MS Library Expansion			2,443,736					2,443,736
	New High School**				16,700,000	16,000,000			32,700,000
	Fauquier High School Renovation							1,525,000	1,525,000
Board of Supervisors	Catlett/Calverton Sewer***			2,950,000	2,950,000				5,900,000
Library	New Baltimore Branch			364,000	2,314,000	2,768,000			5,446,000
***11 million of \$43.7 million project is requested to be cash funded in FY05									
***An additional \$2.1 Million is in the Utility Fund for this \$8 million project.									
Note: Operating costs for a new high school is estimated at \$7.1 million.									
TOTAL DEBT PROJECTS REQUESTED			5,799,000	12,629,736	26,191,000	18,768,000	0	1,525,000	59,113,736
Schools	Warrenton/Taylor MS Expansion	Debt			430,000	853,000	853,000	853,000	2,989,000
	New Middle School	Debt	601,410	1,693,174	1,561,585	1,522,419	1,483,253	1,442,087	7,702,518
	C. Thompson ES Renovation	Debt		161,358	301,323	297,534	293,745	289,956	1,343,916
	New Secondary Facility Land	Debt			100,000	100,000	100,000	100,000	400,000
	Cedar Lee MS Library Expansion	Debt			245,000	245,000	245,000	245,000	980,000
	New High School	Debt				1,670,000	3,270,000	3,270,000	8,210,000
	Fauquier High School Renovation	Debt							0
Board of Supervisors	Catlett/Calverton Sewer	Debt			295,000	590,000	590,000	590,000	2,065,000
Library	New Baltimore Branch	Debt			36,400	267,800	545,000	545,000	1,394,200
TOTAL DEBT SERVICE COSTS REQUESTED			601,410	1,854,532	2,969,308	5,545,753	7,379,998	7,335,043	25,084,634
TOTAL DEBT SERVICE TARGET			601,410	2,009,283	2,858,498	3,252,057	4,374,840	5,076,715	17,571,393

requested projects. This occurred due to a recent (March 2004) escalation of the projects costs which more than doubled from original projections. Based on this growth in costs, the School Board has indicated it will reevaluate its needs and provide a new submission in June 2004.

It should be noted that based on the projects being considered in the next five years the Board of Supervisors debt policy limit of 10% could be exceeded.

DEBT SERVICE

Bonded Debt Authorization and Issuance Policies:

The Constitution of Virginia and the Virginia Public Finance Act provide the authority for a County to issue general obligation debt secured solely by the pledge of its full faith and credit as well as debt secured by the fee revenues generated by the system for which the bonds are issued and, if necessary, by general obligation tax revenues. The County is also authorized to issue debt secured solely by the revenues of the system for which the bonds are issued. There is no limitation imposed by state law or local ordinance on the amount of general obligation debt which a County may issue; however with certain exceptions, debt which either directly or indirectly is secured by the general obligation of a County must be approved at public referendum prior to issuance. Debt secured solely by the revenues generated by the system for which the bonds were issued may be issued in any amount without a public referendum.

On June 18, 2001 the Board of Supervisors adopted a Resolution to establish a Debt Referendum Policy for Fauquier County, effective July 1, 2002.

1. All new facility construction projects or acquisitions that exceed \$10,00,000 shall be subject to voter referendum regardless of financing mechanism.
2. The referendum threshold for new facility construction projects shall be lowered to \$2,000,000 in the event that the County has, or through the issuance of the contemplated debt will, exceed 100% of the County's debt capacity. (Debt capacity shall be defined as 10% of the General Fund revenues committed to debt service).
3. Voter referendums shall coincide with the general election.
4. The Board of Supervisors may waive the referendum requirement, to the extent allowed by law, to meet a critical health and/or public safety need or in conjunction with a court order, by a majority vote of the Board of Supervisors at a regularly scheduled meeting.



DEBT SERVICE

	1-Jul-04	FY 2005	1-Jul-05	FY 2006	1-Jul-06	FY 2007
	Principal	Principal	Principal	Principal	Principal	Principal
<u>Bond Projects</u>	<u>Balance</u>	<u>Payment</u>	<u>Balance</u>	<u>Payment</u>	<u>Balance</u>	<u>Payment</u>
<u>Schools</u>						
Liberty High (Refinance)	8,335,000	885,000	7,450,000	870,000	6,580,000	860,000
1994 A Series (Refinance)	8,335,000	1,480,000	6,855,000	1,445,000	5,410,000	1,420,000
Auburn Middle (1st Borrowing)	5,760,000	320,000	5,440,000	320,000	5,120,000	320,000
Auburn Middle/Thompson Elem	11,630,000	585,000	11,045,000	585,000	10,460,000	585,000
Marshall Middle	3,885,000	230,000	3,655,000	230,000	3,425,000	230,000
Brumfield Elem.	2,800,000	175,000	2,625,000	175,000	2,450,000	175,000
Cedar Lee Middle	2,450,000	175,000	2,275,000	175,000	2,100,000	175,000
Pierce, Coleman Elem.						
<u>& Fauquier High</u>	<u>5,850,000</u>	<u>450,000</u>	<u>5,400,000</u>	<u>450,000</u>	<u>4,950,000</u>	<u>450,000</u>
	37,415,000	4,300,000	44,745,000	4,250,000	40,495,000	4,215,000
<u>General Fund</u>						
Hospital Hill Building *	1,285,419	407,701	877,718	428,132	449,586	449,586
Emergency Radio System **	6,690,000	405,000	6,285,000	415,000	5,870,000	430,000
Bealeton Library *	1,556,174	151,092	1,405,082	158,726	1,246,356	166,745
	9,531,593	963,793	8,567,800	1,001,858	7,565,942	1,046,331
TOTAL	46,946,593	5,263,793	53,312,800	5,251,858	48,060,942	5,261,331

	1-Jul-07	FY 2008	1-Jul-08	FY 2009	1-Jul-09	FY 2010
	Principal	Principal	Principal	Principal	Principal	Principal
<u>Bond Projects</u>	<u>Balance</u>	<u>Payment</u>	<u>Balance</u>	<u>Payment</u>	<u>Balance</u>	<u>Payment</u>
<u>Schools</u>						
Liberty High (Refinance)	5,720,000	850,000	4,870,000	840,000	4,030,000	825,000
1994 A Series (Refinance)	3,990,000	1,375,000	2,615,000	1,305,000	1,310,000	685,000
Auburn Middle (1st Borrowing)	4,800,000	320,000	4,480,000	320,000	4,160,000	320,000
Auburn Middle/Thompson Elem	9,875,000	585,000	9,290,000	585,000	8,705,000	585,000
Marshall Middle	3,195,000	230,000	2,965,000	230,000	2,735,000	230,000
Brumfield Elem.	2,275,000	175,000	2,100,000	175,000	1,925,000	175,000
Cedar Lee Middle	1,925,000	175,000	1,750,000	175,000	1,575,000	175,000
Pierce, Coleman Elem.						
<u>& Fauquier High</u>	<u>4,500,000</u>	<u>450,000</u>	<u>4,050,000</u>	<u>450,000</u>	<u>3,600,000</u>	<u>450,000</u>
	36,280,000	4,160,000	32,120,000	4,080,000		
<u>General Fund</u>						
Hospital Hill Building *	0	0	0	0	0	0
Emergency Radio System **	5,440,000	445,000	4,995,000	460,000	4,535,000	485,000
Bealeton Library *	1,079,611	175,170	904,441	184,019	720,422	193,316
	6,519,611	620,170	5,899,441	644,019	5,255,422	678,316
TOTAL	42,799,611	4,780,170	38,019,441	4,724,019	5,255,422	678,316

* Lender is The Fauquier Bank, a local lending agency. Paid off April 2004.

** Lender is Virginia Resources Authority (VRA)

All other current debt is with Virginia Public School Authority (VPSA)

DEBT SERVICE

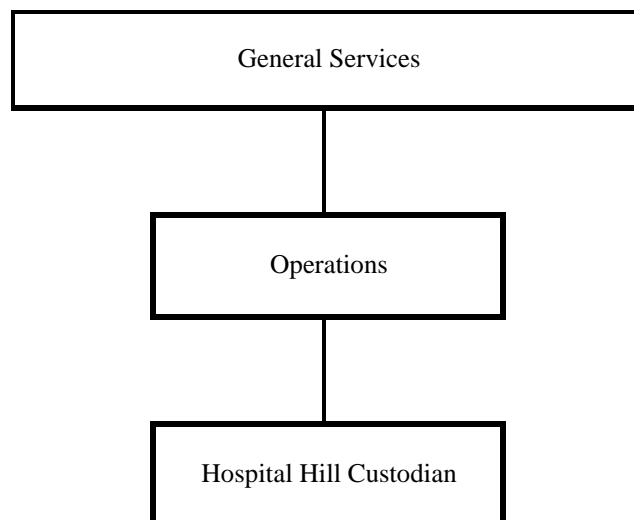
<u>Bond Projects</u>	<u>1-Jul-10 Principal Balance</u>	<u>FY 2011 Principal Payment</u>	<u>1-Jul-11 Principal Balance</u>	<u>FY 2012 Principal Payment</u>	<u>1-Jul-12 Principal Balance</u>	<u>FY 2013 Principal Payment</u>
<u>Schools</u>						
Liberty High (Refinance)	3,205,000	815,000	2,390,000	805,000	1,585,000	795,000
1994 A Series (Refinance)	625,000	325,000	300,000	300,000	0	0
Auburn Middle (1st Borrowing)	3,840,000	320,000	3,520,000	320,000	3,200,000	320,000
Auburn Middle/Thompson Elem	8,120,000	580,000	7,540,000	580,000	6,960,000	580,000
Marshall Middle	2,505,000	230,000	2,275,000	230,000	2,045,000	230,000
Brumfield Elem.	1,750,000	175,000	1,575,000	175,000	1,400,000	175,000
Cedar Lee Middle	1,400,000	175,000	1,225,000	175,000	1,050,000	175,000
Pierce, Coleman Elem.						
<u>& Fauquier High</u>	<u>3,150,000</u>	<u>450,000</u>	<u>2,700,000</u>	<u>450,000</u>	<u>2,250,000</u>	<u>450,000</u>
					18,490,000	2,725,000
Hospital Hill Building *	0	0	0	0	0	0
Emergency Radio System **	1,050,000	500,000	550,000	525,000	3,025,000	545,000
<u>Bealeton Library *</u>	<u>527,106</u>	<u>203,083</u>	<u>324,023</u>	<u>213,343</u>	<u>110,680</u>	<u>110,680</u>
	4,577,106	703,083	874,023	738,343	3,135,680	655,680
TOTAL	4,577,106	703,083	874,023	738,343	21,625,680	3,380,680

<u>Bond Projects</u>	<u>1-Jul-13 Principal Balance</u>	<u>FY 2014 Principal Payment</u>	<u>1-Jul-14 Principal Balance</u>
<u>Schools</u>			
Liberty High (Refinance)	790,000	790,000	0
1994 A Series (Refinance)	0	0	0
Auburn Middle (1st Borrowing)	2,880,000	320,000	2,560,000
Auburn Middle/Thompson Elem	6,380,000	580,000	5,800,000
Marshall Middle	1,815,000	230,000	1,585,000
Brumfield Elem.	1,225,000	175,000	1,050,000
Cedar Lee Middle	875,000	175,000	700,000
Pierce, Coleman Elem.			
<u>& Fauquier High</u>	<u>1,800,000</u>	<u>450,000</u>	<u>1,350,000</u>
	9,385,000	2,720,000	13,045,000
Hospital Hill Building *	0	0	0
Emergency Radio System **	2,480,000	575,000	1,905,000
<u>Bealeton Library *</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2,480,000	575,000	1,905,000
TOTAL	11,865,000	3,295,000	14,950,000

HOSPITAL HILL PROPERTY

MISSION/PURPOSE

To provide professional and timely services for the facility and the tenants. Maintain a high state of quality of cleanliness to assure neat, clean and safe environment for everyone.



GOALS

- To maintain the facility and grounds, in such a manner as to reflect a quality image to everyone

BUDGET

	FY 2002 Actual	FY 2003 Actual	FY 2004 Adopted	FY 2005 Requested	FY 2005 Adopted
Costs:					
Personnel	\$24,309	\$0	\$25,586	\$26,782	\$26,782
Operating	\$76,918	\$61,329	\$94,845	\$94,845	\$94,845
Capital	\$0	\$0	\$0	\$0	\$0
Total	\$101,227	\$61,239	\$120,431	\$121,627	\$121,627
Revenue:	\$397,646	\$300,568	\$306,580	\$311,690	\$311,690
Net Tax	(\$296,369)	(\$239,329)	(\$186,149)	(\$190,063)	(\$190,063)
Full-time Staff	1	1	1	1	1
Part-time Staff	0	0	0	0	0
Full-time Equivalents	1	1	1	1	1

Note: *Repayment of debt is located under debt service.*

NON -DEPARTMENTAL

MISSION/PURPOSE

The non-departmental category provides funds for programs that are not attributable to any one department. Included is a contingency reserve for emergency needs as directed by the Board of Supervisors.



GOALS

- Maintain reserve for anticipated and unanticipated contingencies

BUDGET

	FY 2002 Actual	FY 2003 Actual	FY 2004 Adopted	FY 2005 Requested	FY 2005 Adopted
Costs:					
Personnel	\$0	\$4,796	\$0	\$0	\$0
Operating	\$359,067	\$517,932	\$1,526,925	\$2,105,008	\$1,943,626
Capital	\$0	\$0	\$0	\$0	\$0
Total	\$359,067	\$522,728	\$1,526,925	\$2,105,008	\$1,943,626
Revenue:	\$0	\$0	\$0	\$0	\$0
Net Tax	\$359,067	\$522,728	\$1,526,925	\$2,105,008	\$1,943,626
Full-time Staff	0	0	0	0	0
Part-time Staff	0	0	0	0	0
Full-time Equivalents	0	0	0	0	0